

Message Text

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TAGS: FAO, AORG
SUBJECT: FAO PROGRAM AND WORK 1978-79--REPORTS OF PROGRAM
AND FINANCE COMMITTEES

SUMMARY: FAO PROGRAM AND FINANCE COMMITTEE REPORTS BEING
FINALIZED BUT DRAFT COPIES REPEAT DRAFT REFLECT CONCLUSIONS ON:
PROGRAM OF WORK AND BUDGET 1978-79, TECHNICAL COOPERATION PROGRAM,
UNDP OVERHEAD REIMBURSEMENT, JOINT INSPECTION UNIT, KJIU),
POST-HARVEST LOSSES, UN WORLD FOOD COUNCIL, WORKING PARTY ON
STRUCTURE OF COUNCIL AND CERTAIN COMMITTEES, RELATIONS WITH IFAD,
COUNTRY REPRESENTATIVES, FINANCIAL POSITION, PROTECTION AGAINST
CURRENCY FLUCTUATION, JIU REPORT ON COUNTRY PROGRAMMING, SALARIES,
CONTRIBUTIONS, LANGUAGES AND INFLATION. END SUMMARY.

1. REPORTS OF FAO PROGRAM (PC) AND FINANCE (FC) COMMITTEES
ARE BEING SENT FOR PRINTING BUT DRAFT REPEAT DRAFT COPIES
REFLECT FOLLOWING CONCLUSIONS WHICH ARE NOT APT TO CHANGE
SIGNIFICANTLY IN FINAL DRAFTS WHICH PHILLIPS, USDA/FAS, HAS.

FOLLOWING COMMENTS FROM REPORTS SHOULD BE USEFUL IN PREPARING
FOR 71ST COUNCIL, JUNE 6-17.

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2. PROGRAM OF WORK AND BUDGET 1978-79. JOINT REPORT OF PC AND FC
ENDORSES PROGRAM AND BUDGET AS PROPOSED, IDENTIFIES IT AS MINI-
MUM REQUIRED TO MAINTAIN INTEGRITY OF PROGRAM, PC REPORT NOTES
RELATIVELY SMALL INCREASE MUCH OF WHICH MORTGAGED BY PREVIOUS
COMMITMENTS. IT CITES FALLOFF IN CONTRIBUTIONS TO FAO MEAT
AND DAIRY SCHEMES WHICH WERE INITIATED ON VOLUNTARY BASIS AND

STATES THAT "IFAD WAS MENTIONED AS POSSIBLE SOURCE" FOR MAINTAINING IMPETUS OF PROJECT IMPLEMENTATION UNDER THESE SCHEMES. PC REPORT EXPRESSES CONCERN THAT UN CONFERENCE FOR SCIENCE AND TECHNOLOGY WAS DIVERTING FUNDS FROM ACTIVITIES OF MORE DIRECT BENEFIT TO COUNTRIES AND PLACING HEAVY BURDEN ON SECRETARIAT.

3. REGARDING NUTRITION PC NOTED FAO CONSIDERED WORLD FOOD COUNCIL (WFC) DOCUMENTS ON NUTRITION WERE CORRECT IN ANALYSIS BUT THAT FAO WAS SKEPTICAL OF VALUE OF DETAILED, LONG-RANGE PLAN OF ACTION AT GLOBAL LEVEL. COMMITTED AGREED TO POSTPONEMENT OF SECOND SESSION OF AD HOC COMMITTEE ON FOOD AND NUTRITION POLICIES TO SPRING 1978 (DESPITE U.S. PROTEST TO SECRETARIAT). IT ALSO NOTED THAT RECOMMENDATIONS OF ELEVENTH SESSION OF CODEX WERE EXPECTED TO BE FULFILLED.

4. TECHNICAL COOPERATION PROGRAM (TCP). FC NOTED THAT 73 PROJECTS IN 47 COUNTRIES COSTING \$5.5 MILLION HAD BEEN APPROVED BY END OF APRIL 1977 BUT DID NOT EXPLORE NATURE, PATTERN OR RESULTS. FC REQUESTED A DETAILED REPORT FOR 1977 FALL SESSION. PC STRESSED THAT TCP DID NOT COMPETE WITH EXISTING OR PROPOSED SOURCES OF FUNDS BUT WOULD FILL GAPS IN OTHER PROGRAMS AND BE CATALYTIC IN GENERATING OTHER RESOURCES.

5. UNDP OVERHEAD REIMBURSEMENT. PC NOTED OUTLOOK FOR UNDP FINANCING AS LESS BRIGHT IN FUTURE. IT WAS INFORMED THAT IN 1977 FAO RECEIPTS FROM UNDP WOULD REFLECT A FURTHER SUBSTANTIAL REDUCTION. WITHOUT INDICATING SOURCE PC REPORT NOTES "TRENDS AND INDICATIONS" THAT POINT AGAINST ANY EXPECTATION OF EVER-INCREASING FAO/UNDP FIELD PROGRAMS. DIRECT EXECUTION BY UNCLASSIFIED

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UNDP, EXECUTION BY RECIPIENTS, AND UNDP MOVES TO REDUCE SUPPORT COST REIMBURSEMENT ARE CITED AS CONTRIBUTING TO A DECLINE IN THE IMPORTANCE OF UNDP AS A SOURCE OF FINANCING FOR FAO FIELD PROGRAMS. DC EXPRESSED CONCERN OVER RELATIONS BETWEEN UNDP AND AGENCIES AND NOTED "APPARENT UNCERTAINTY OVER RESPECTIVE RESPONSIBILITIES WITHIN SYSTEM."

6. FC IN ITS REPORT NOTED UNDP ADMINISTRATOR MIGHT PROPOSE THAT AGENCIES ABSORB IN REGULAR BUDGETS THE TOTAL COSTS OF SUPPORT FOR UNDP-FINANCED PROJECTS. FC NOTED THAT FAO REGULAR PROGRAM SUBSIDIZED ALL FIELD PROGRAMS BY \$8.2 MILLION
(MORE)

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.....MILLION IN 1974-75 (UNDP WAS \$2.2 MILLION OF THIS) AND
CONCLUDED THAT FAO MUST INSIST ON RETAINING PRESENT 14 PERCENT
REIMBURSEMENT "AS A LASTING SOLUTION" IF FULL COSTS CANNOT BE
OBTAINED. IN 1976 UNDP SUPPORT COSTS AND OVERHEAD CHARGES WERE
EQUAL AT \$15.7 MILLION, THOUGH FAO'S COSTS RELATED TO TRUST FUNDS
AND WORLD FOOD PROGRAM'S (WFP) WERE \$3.7 MILLION IN EXCESS OF
CHARGES. FINALLY FC RECOMMENDED CONTINUATION OF THE SYSTEM.

7. JOINT INSPECTION UNIT (JIU). BOTH PC AND FC WERE CRITICAL
OF JIU AND WHAT THEY CONSIDERED TO BE JIU PREOCCUPATION WITH
COORDINATION AS AN END TO ITSELF. PC CITED DISAPPOINTMENT OVER
LAST NINE YEARS' PERFORMANCE BUT NOTED CLEAR AND CONTINUING NEED
FOR A COMPLETELY INDEPENDENT INSPECTION BODY IN THE UN SYSTEM. IT
TOOK EXCEPTION TO SECOND SENTENCE, ARTICLE 12 CL 71/17,
AND NOTED A "SIGNIFICANT BURGEONING" IN FUNCTIONS, STAFF AND
COSTS OF THE JIU. LENGTH OF INSPECTION REPORTS AND WORKLOAD
WHICH JIU PLACES ON SECRETARIAT ALSO WERE CRITICIZED.

8. FC WAS OF VIEW THAT JIU COULD NOT BE CONSTITUTED AS
"SUBSIDIARY" BODY OF FAO COUNCIL AND WAS UNCERTAIN ABOUT UNIT'S
RESPONSIBILITY FOR COORDINATION. IT EXPRESSED VIEW COUNCIL
SHOULD EXPRESS RESERVATION ABOUT PROPRIETY OF ARTICLE 12, IF IT
RECOMMENDED ACCEPTANCE OF NEW STATUTE OF JIU AND NOTED COMMITTEE
WAS NOT CONVINCED ON COST BENEFIT RATIO THAT JIU WORK WAS IN
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BEST INTEREST OF FAO. FC ALSO QUESTIONED IF PROCEDURES FOR APPO-
INTMENT OF INSPECTORS ENSURED FULLY QUALIFIED PERSONS AND RAISED
QUESTION OF JIU DUPLICATING WORK OF OTHER BODIES, INTERNAL TO
EACH ORGANIZATION OR SYSTEM-WIDE, WITH REGARD TO INVESTIGATION
OR EVALUATION. FC NEVERTHELESS ENDORSED THE DIRECTOR GENERAL'S
RECOMMENDATION THAT THE GOVERNING BODIES ACCEPT THE STATUTE OF

THE JIU ON THE CONDITIONS AND WITH THE RESERVATIONS STATED IN
PARA 29 OF CL 71/17.

9. POST-HARVEST LOSSES. FC NOTED THAT IT WAS INFORMED FAO
COMMITTEE ON AGRICULTURE (COAG) HAD EXPRESSED SUPPORT FOR THE
ESTABLISHMENT OF A NEW FUND FOR "REDUCTION OF POST-HARVEST LOSSES."

IT ENDORSED DIRECTOR GENERAL'S PROPOSAL TO USE AS "INITIAL
FUNDING" \$10 MILLION FROM THE SUSPENSE ACCOUNT WHICH WAS CREATED
TO MEET UNFAVORABLE CURRENCY FLUCTUATIONS IN 1976-77.

10. PC REPORT CITES "A MAJORITY OF COAG MEMBERS SUPPORTING
NEW FUND. IN SUPPORT OF A NEW CENTRAL COORDINATING UNIT FOR
POST-HARVEST LOSS ACTIVITY, REPORT NOTES LOOSELY THAT ITS TASK
WOULD INCLUDE COORDINATION OF ACTIVITIES OF THE INDUSTRY
COOPERATIVE PROGRAM (A VOLUNTARY EXTRABUDGETARY ACTIVITY), THE
WFP (A UN-FAO ACTIVITY) AND THE FOOD SECURITY ASSISTANCE SCHEME.
FC REPORT ATTACHES DRAFT RESOLUTION TO TRANSFER UP TO \$10
MILLION FROM SUSPENSE ACCOUNT TO SPECIAL FUND FOR REDUCTION OF
FOOD LOSSES.

11. UN WORLD FOOD COUNCIL. PC NOTED UNGA HAD NOT APPROPRIATED
SUFFICIENT FUNDS TO COVER WFC RENTAL AND MAINTENANCE OF PREMISES
OR GENERAL OPERATING COSTS AND EXPRESSED HOPE UNGA WOULD CORRECT
SITUATION. FC ALSO NOTED PROBLEM OF OBTAINING WFC REINBURSEMENT
FOR RENTAL COSTS.

12. WORKING PARTY STUDY OF COUNCIL AND CERTAIN COMMITTEES. PC
REFRAINED FROM COMMENTING ON REPORT OF WORKING PARTY EXCEPT
TO NOTE THAT PRESENT STRUCTURE OF PROGRAM COMMITTEE HAD PERMITTED
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IT TO RENDER CONTRUCTIVE AND EFFECTIVE SERVICE AND THAT ANY
SUBSTANTIAL INCREASE IN SIZE WOULD REDUCE EFFICIENCY AND LENGTHEN
SESSIONS. FC NOTED REPORT WAS SUBMITTED TO IT FOR INFORMATION
ONLY.

13. RELATIONS WITH IFAD. PC NOTED IT WAS EXPECTED
THAT FAO WOULD ASSUME RESPONSIBILITY FOR A LARGE PART OF IFAD'S
WORK ON THE PROJECT CYCLE AS WELL AS WELL AS TECHNICAL BACKSTO-
PPING IN SUPPORT OF RELATIVELY SMALL STAFF ENVISAGED FOR IFAD.
IT ALSO NOTED THAT TECHNICAL SUPPORT WOULD PROBABLY BE MAIN
DISTINCTION IN AGREEMENTS WHICH IFAD NEGOTIATES WITH FAO AND IBRD.
IN SEPARATE SECTION PC REPORT IFAD IS MENTIONED AS POSSIBLE SOURCE
OF FUNDING FOR FAO MEAT AND DAIRY SCHEMES WHICH WERE INITATED ON
BASIS OF VOLUNTARY TRUST FUNDS SOME YEARS AGO BUT WHICH
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.....WHICH OF LATE ARE SUFFERING FROM LACK OF DONOR SUPPORT.

14. COUNTRY REPRESENTATIVE OFFICES. PC WAS INFORMED FAO HAS 44 REQUESTS FOR COUNTRY OFFICES. FULL AGREEMENT ON CONDITIONS HAVE BEEN REACHED WITH 12 OF THESE, 6 COUNTRIES HAVE BEEN INFORMED OF THE DIRECTOR GENERAL'S PROPOSED OFFICER AND AGREEMENT HAS BEEN REACHED CONCERNING TWO. THE AVAILABILITY OF QUALIFIED STAFF IS CITED AS A FACTOR LIMITING FASTER PROGRESS. PC CALLED DEVELOPMENTS ENCOURAGING AND RECOMMENDED FULL SUPPORT BY COUNCIL.

15. FINANCIAL POSITION. FC NOTED THAT MISCELLANEOUS INCOME FOR BIENNIUM AMOUNTED TO \$5.3 MILLION AS OF MARCH 31, ALREADY CONSIDERABLY EXCEEDING \$3.8 MILLION BUDGETED FOR 1976-77.

16. PROTECTION AGAINST CURRENCY FLUCTUATION. FC WAS INFORMED THAT IF CURRENT EXCHANGE RATE CONTINUES, APPROXIMATELY \$15 MILLION WOULD ACCUMULATE IN CURRENT SUSPENSE ACCOUNT BY DECEMBER 31, 1977. COMMITTEE CONCURRED IN DIRECTOR GENERAL'S PROPOSAL TO USE \$5 MILLION OF THIS MONEY TO ESTABLISH NEW SPECIAL RESERVE ACCOUNT FOR CURRENCY FLUCTUATION AND "SUCH OTHER EVENTUALITIES AS COUNCIL MIGHT DETERMINE". DECISION TOOK INTO ACCOUNT FACT DIRECTOR GENERAL HAS NO BORROWING AUTHORITY AND "FAO COUNCIL UNLIKE GOVERNING BODIES OF ILO AND UNESCO IS NOT AUTHORIZED APPROVAL SUPPLEMENTARY ESTIMATES". FC REPORT ATTACHES A DRAFT
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RESOLUTION CREATING SUCH A SPECIAL RESERVE ACCOUNT FED BY \$5 MILLION FROM OLD SUSPENSE ACCOUNT.

17. JIU REPORT ON COUNTRY PROGRAMMING. BOTH FC AND PC WERE CRITICAL OF JIU REPORT FOR TENDING VIEW COUNTRY PROGRAMMING SOLELY AS AN INSTRUMENT OF COORDINATION AND COOPERATION. FC AND PC THOUGHT INSPECTORS GAVE INSUFFICIENT ATTENTION TO PRIMARY ROLE OF GOVERNMENTS AND PUT UNDUE RELIANCE ON REGULATIONS AND FORMAL AGREEMENTS AS MEANS OF RESOLVING DIFFERENCES BETWEEN AGENCIES. FC THOUGHT REPORT APPEARED ADVOCATE CONTROLLING ROLE FOR UNDP LEAVING AGENCIES "JUNIOR AND SUBSERVIENT PARTNERS". PARA 14 OF INSPECTORS REPORT AS PERTAINS FAO IS CALLED NOT FACTUALLY CORRECT. PC OBSERVED INSPECTORS APPEARED ADVOCATE A MONOLITHIC STRUCTURE AT COUNTRY LEVEL WHICH WAS UNACCEPTABLE SINCE IT WOULD DENY TO THE AGENCIES ESSENTIAL DIRECT ACCESS TO MINISTRIES.

18. SALARIES. EC NOTED DECISIONS TAKEN BY INTERNATIONAL CIVIL SERVICE COMMISSION WHICH RELATE TO FAO AND PROPOSED ADJUSTING DIRECTOR GENERAL'S SALARY TO BE IN LINE WITH THOSE OF EXECUTIVE HEADS OF OTHER AGENCIES. THIS WOULD RAISE DIRECTOR GENERAL'S GROSS SALARY TO \$99,350.

19. CONTRIBUTIONS. FC REPORT NOTED WITH SATISFACTION THAT THE PERCENTAGE OF CURRENT YEAR'S ASSESSMENTS COLLECTED AS OF MAY 3, 1977 WAS 48.31 PERCENT COMPARED TO 19.63 PERCENT IN 1976. REPORT CREDITS LARGEST CONTRIBUTOR (US) FOR THIS IMPROVEMENT. EIGHT STATES ARE IN DANGER OF LOSING THEIR VOTE IN THE FAO COUNCIL DUE TO ARREARS IN FINANCIAL CONTRIBUTIONS. OF THE NEW APPLICANTS, ANGOLA, COMOROS, MOZAMBIQUE, SA TOME AND PRINCIPE AND SEYCHELLES WILL PAY THE FAO MINIMUM RATE 0.02 PERCENT; KOREA (DEMOCRATIC PEOPLES REPUBLIC OF) WILL PAY 0.06 PERCENT. THE FC ATTACHED A DRAFT RESOLUTION TO ADOPT FOR USE IN 1978-79 THE SCALE OF CONTRIBUTIONS DERIVED DIRECTLY FROM THE UN SCALE INCLUDING THE APPROPRIATE RATE OF ASSESSMENT FOR VIET NAM IN 1977.

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20. LANGUAGES. PC SUPPORTED AMENDMENT TO FAO RULES TO READ ARABIC, CHINESE, ENGLISH, FRENCH, AND SPANISH ARE THE LANGUAGES OF THE ORGANIZATION AND A MODEST INCREASE IN THE CAPACITY FOR ARABIC TRANSLATION.

21. BUDGET BACKGROUND. THE PC NOTED THE LATEST PROJECTION OF THE RATE OF INFLATION IN ITALY WAS 23 PERCENT. THE PC CONSIDERED THE RATE OF 900 LIRA TO THE U.S. DOLLAR WAS A REASONABLE FIGURE FOR BUDGETING PURPOSES AT THIS STAGE. GARDNER

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